

INDICT MORSE FOR LARCENY

\$20,000 BAIL DEMANDED—COR- RALLING HORSE DUMMIES.

There's a Million Owing to the Bank of North America and the Dummies Must Pay If They Can—"Mere Accommodation to Morse" Doesn't Go as a Plan.

Two indictments for larceny against Charles W. Morse, the eliminated banker, due here on the Cunarder Etruria next Sunday, were filed yesterday by the special January Grand Jury of the county which has been investigating banking cases. The Federal Grand Jury is still looking into Mr. Morse's banking methods. F. Augustus Heinze, who has accused Morse of selling out on the United Copper pool, was one of the witnesses on whose testimony the indictments were found.

The indictments are based on Morse's treatment of Morgan J. O'Brien. Although the indictments were not made public, Mr. Morse not being under arrest, it is known in a general way what they contain. The

two warranty charges are associated with one transaction, the discounting of a note for \$100,000.

It appears, from what could be learned yesterday, that Mr. Morse got Judge O'Brien to make three notes for \$100,000 each in payment for stock of the National Bank of North America, of which bank Mr. Morse had control at the time. Judge O'Brien purchased from Mr. Morse 1,000 shares at \$90 a share. There was an understanding between Mr. Morse and Judge O'Brien, it is said, that Mr. Morse would not have the notes discounted, and that if Judge O'Brien at the end of two years had not disposed of the stock at a profit Mr. Morse would take it back at the selling price.

Judge O'Brien made the notes payable to himself and they were indorsed by him and by Mr. Morse. This made them negotiable at the end of a certain period. Either at the end of the period stipulated in the notes or before the end of it Mr. Morse had two of the notes discounted. What he did with the other one is not known.

definitely. It was on one of the discount notes that the Grand Jury acted.

This note Mr. Morse had discounted at the Mercantile National Bank, then one of the Morse chain of banks. The Mercantile bank gave Mr. Morse a check for \$100,000, payable to the order of the payee not to Mr. Morse but to Morgan J. O'Brien, the payee of the note. Mr. Morse took the check, according to the evidence before the Grand Jury, and deposited it in the National Bank of North America in New York.

"Morgan J. O'Brien, per C. W. Morse. These Mr. Morse, it is alleged, appropriated the money to his own use, and the grand jury found that Mr. O'Brien had no knowledge of the transaction.

In order to get evidence to prove this transaction several witnesses were called by the special Grand Jury yesterday afternoon. In the morning A. B. Boardman

who is a member of George Washington's family and who has been acting as counsel for Mr. Morse in the last few months, William Rand, Jr., who was once Mr. Jerome's chief of staff, had an hour's talk with Mr. Jerome. After that F. Augustus Heinze, who is under indictment in the Federal courts for overcertification, had a talk with Mr. Jerome. Mr. Heinze was president of the Mercantile National at the time of the transaction. Mr. Jerome

him to come back in the afternoon.

When the Grand Jury assembled at 10 o'clock Judge O'Brien, Mr. Heinze and Miles M. O'Brien, who was vice-president of the Mercantile, were waiting in Mr. Jerome's office. Mr. Heinze was the first witness examined. It took him about ten minutes to give his testimony, and then Miles O'Brien was called. He was before the Grand Jury for about the same length

of time. Judge O'Brien was the last sum-
moned. He was questioned by District
Attorney Jerome for about half an hour.
Then the Grand Jury heard Edward B. Wirt,
who was cashier of the National Bank of
North America.

After that, there was quick action. Mr.
Jerome had a talk with Assistant District
Attorney Perkins, who draws the indict-
ments, and then the Grand Jury marched
into Justice Dowling's court, the Supreme
Court, Criminal Branch, and handed up six
indictments, three of them of a routine
nature. District Attorney Jerome said:

"There are only two indictments in this
batch on which I will ask to have bail fixed.
I think \$30,000 bail on one is sufficient to
cover the case. The usual proceeding to ask
for bail fixed on an indictment, when the

defendant is not present and ready to furnish a bond. There was no explanation and Justice Dowling glanced over the five indictments and said:

"I think it would be better to have him fixed at \$10,000 on each indictment."

Mr. Jerome made no objection and the indictments were filed with Clark Pennell. Mr. Morsow will doubtless be informed wirelessly that he must be ready to put up \$20,000 bail when he gets here.

An effort was made yesterday to sign

out just how much Judge O'Brien and his law partners, Frank H. Platt and Albert Boardman, had to put up to take up the notes of Judge O'Brien that Mr. Morse had discounted. Morse bought back for one 333 of the 1,000 shares of Bank of North America stock, and for the other 334 shares which he also took back, he gave his firm

The Grand Jury will continue its investigation to-day. Several of the jurors, including Edward J. Cuddihy, the foreman, had an hour's talk with Mr. Jerome in his office yesterday after they had adjourned. The Grand Jury is not through with its investigation of the management of the Prudential Savings Life Insurance Society owned by E. R. Thomas and the inquiry into the affairs of the Bankers' Life Insurance Co.

F. Augustus Heinze, who was president of the Mercantile National Bank when O'Brien note was discounted, said yesterday when questioned in regard to the transaction:

"The facts were that this note for \$100

was drawn by Morgan J. O'Brien paya